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The challenges of innovations in Brazilian accounting: A study applied to the public sector

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This study presented the challenges of the new approach, registration design and measurement and accounting control of the property of the public sector using the Brazilian Accounting Standards. These were applied to the public sector (NBCASP) 16.9 (2008), arising from the innovations of International Financial Reporting Standards (IFRS). The sample consisted of two institutions of public administration, one at federal level and the other at state level. The study revealed that there is a challenge that instigates the continuous innovation of activities. The research reveals that before these changes, there was no depreciation of fixed assets in public goods. Furthermore, the study shows that to lead this process of change and to implement the procedures, it will require a well structured system of physical control, using the register controls that already exist and innovating them according to requirements proposed by NBCASP 16.9. The survey also revealed that there are difficulties in interpreting the law of IFRS, due to lack of guidance on how to deal with the new accounting practices in public institutions.

Key words: Public accounting, International Financial Reporting Standards, innovation, standards, permanent assets.

INTRODUCTION

For many decades, corporate accounting in Brazil was ruled by Law No. 6.404/76 (Law of Societies, by accounting actions that lead the corporations in Brazil), which is currently going through a new stage, breaking paradigms conducted by accounting norms. This is made possible through the approval of Law No. 11.638/2007 (amending and repealing provisions of Law No. 6.404/64) that brought relevance to the financial statements after its enactment. This led to numerous changes caused by the adoption of International Accounting Standards, commonly known as IFRS (Ludicibus et al., 2010; Lima, 2011). Accounting is the language of business, expressed in monetary terms, an essential information for making decisions in domestic and foreign markets.

Recently, the trend of innovations also reached public account, which had its starting point with the publication of Microfinance Ordinance No. 184 of August 25, 2008 done by the Federal Government regarding changing devices applied to the public sector accounting. The ordinance leads to the observation of the guidelines by the public sector in relation to procedures, practices, preparation and dissemination of financial statements. This makes them convergent standardization of IFRS (International Financial Reporting Standards) to the Brazilian Accounting Standards applied to Public Sector (NBCASP), which was issued by the Federal Accounting Council (CFC). IFRS of public sector entities should present information that responds to the needs and
knowledge base of users. For example, explanations of financial and non-financial information and commentary on service delivery and other achievements during the reporting period and expectations for future periods should be written in plain language, and presented in a manner that is understandable by users. Understandability is enhanced when information is classified, characterized and presented clearly and concisely. Comparability can also enhance understandability (IPSASB, 2013).

The guidelines of convergence to international standards of Public Accounting were required from the Management of 2012, with the determinations of the International Accounting Standards Board (IASB) and International Standards on auditing and assurance issued by the International Federation of Accountants (IFAC).

Thus, the accounting applied to the public sector adhered to IFRS, and went through a unique moment, since this requirement has been granted by the interrelationship of business, and also by its users. Feijó (2011) reported that the standardization will allow the society to compare the financial statements of all entities (federal, states and municipalities). Along with the process of transparency of public accounts, it will enable societies and organizations (trade unions, NGOs, agencies) to better assess the management of rulers.

However, Coutinho (2010) describes in CRC MG Journal, "with the adoption of International Public Accounting in federal and state governments, accounting will provide a series of innovative rulers' information about financial position".

The model known as IFRS is present in over 110 countries; and in Brazil, the convergence is still in the process of adoption and adaptation. IPSASB (2013) reported that users of IFRS are assumed to have a reasonable knowledge of the entity's activities and the environment in which it operates; be prepared to read IFRRs, and to review and analyze the information presented with reasonable diligence. Some economic and other phenomena are complex and particularly difficult to represent in IFRS; and some users may need to seek the aid of an advisor to assist in their understanding of them. All efforts should be undertaken to represent economic and other phenomena included in IFRS in a manner that is understandable to a wide range of users. However, information should not be excluded from IFRS solely because it may be too complex or difficult for some users to understand without assistance.

The identification of the criteria of IFRS to be satisfied for inclusion in the group reporting entity consistent with these principles will then be developed and fully explored at the standard level (IPSASB, 2013). Through this process, the need for change arises on the NBCASP 16.9 Depreciation, Amortization and Depletion, published on 21/11/2008, by the Federal Accounting Council through resolution of CFC No. 1.136/08.

According to the Manual of Patrimonial Procedures – MPP (2011), the public entity will have autonomy in adopting the annual depreciation rates, which will depend on the estimated useful life of each asset, which in turn is directly linked to the policy adopted by the entity in use of that part.

Research problem

According to Lima (2011), "Brazil presents salient features of low relevance as their accounting information, but is migrating to an accounting regime that is associated with a higher quality and transparency of information".

This report provides confirmation of the need for changes in accounting in public institutions. Before the adoption of 16.9, NBCSP did not practice procedures for preserving proper value of the assets, so that they remain with historical values (outdated), not a necessary feature for configuring the application of depreciation.


This leads to the problem of the search. There are the first procedures to be performed on the adoption of NBCASP 16.9, because adjusting the values of the fixed assets has certain complexity, mainly in the acquisitions made in previous years.

Justification of the study

This study is justified by the adoption of NBCASP 16.9 guidelines, which foster innovation in records of internal controls to protect public property, besides having greater transparency to the application of resources in society.

Severo and Oliveira (2012) reported that: "the adoption of the new accounting model for the public sector does not disqualify the budgetary regime provided by law, but surely represents a potentiality in terms of financial control, budgeting, and especially equity. Here, public managers, accounting professionals and society as a whole cannot see a way more abstract, but consistently and definitely, they see increasing standardization and harmonization of accounting globally".

There is the need for more discussion of issues related to public accounting, primarily with respect to recent changes, since there are few studies in this field for there to be a recent theme in Brazil. This hampers the development of techniques and improvement practices of public accounts.
Research objectives

The overall goal of this research is to check how the procedures of innovations requested by NBCASP 16.9 are being inserted into the Brazilian Public Accounting. And for the achievement of the overall goal, other specific points are:

a) Identify the difficult changes relating to the proposed NBCASP 16.9;
b) Analyze the criteria for determining the depreciation record of the property by monitoring the inventory of assets in comparison with the record of depreciation;
c) Check which financial statements will be changed due to the depreciation calculated.

The objectives of this research are intended to elucidate possible challenges in this new phase of transition of Public Accounting in Brazil.

Structure of research

This research begins with the introduction that covers the research problem, its justification and objectives. The next section is the research methodology and limitation of the study. Furthermore, there is literature review on changes in Public Sector Accounting, and after that, the results and conclusion of the study.

METHODOLOGY

This research is classified as an exploratory, qualitative and quantitative literature having a notorious contribution reviewed from various sources such as books, laws, manuals and internet. Triviños (1987) and Gil (1991)’s research purpose was to find out the procedures for the adoption of depreciation of NBCASP 16.9.

Samples of two government agencies were used; one at federal and the other at state level. From the samples studied, this work does not only aim to learn the routines of accounting entries themselves, but how these institutions are adapting to the deployment of depreciation on fixed assets.

The sample was defined by eleven professionals working in public institutions: State and Federal, located in the State of Paraná. The selection of respondents was based on the titration (Accountant, Bachelor of Science in Accounting, Accounting Technician), and also took into consideration if the role they play is somehow connected with the accounts.

In order to adapt to the new scenario of public accounting and meeting the new requirements, institutions formed in mid-2011, through internal control, a team called “Commission for valuation of assets and reassessment of their property values,” formed by members of its staff. This committee started the objectives of gathering documents for the situation in the records of the property; checking the irregular records in regulatory agencies, conducting a survey of all assets; making necessary adjustments in accounting matters involving equity; reassessing values goods that are outdated, and finally accounting for depreciation.

Thus, data collection began with a probing documentary, based on materials collected and provided by the committee of two public institutions who worked on this research (Gil, 1991).

Shorty thereafter, in order to capture more data on certain aspects of the reality studied, open interviews were held, with free response questions (Oliveira, 2003), by the eleven professionals working in the accounting section of public institutions.

Following the collection of information, a questionnaire was designed with semi-open questions and open questions, which facilitated the interpretation of the information quickly (Gil, 1991). However, before the questionnaire was exposed, pilot test was done to see if there were understanding and clarity in the questions (Oliveira, 2003).

After the application of pilot questionnaire, the data obtained were then tabulated.

Limitation of survey

The limitation is that the work is theoretical. Because the subject of this work is being studied recently, there are few authors that deal with it, and it is restricted to law and accounting manuals applied to the public sector.

THEORETICAL

Regarding the Guidelines for Convergence to International Financial Reporting Standards applied to the Public Sector - IPSAS, Bergmann (2010) declares in the newspaper CRC MG, that its adoption “is realistic and achievable, but it is not fast. Transparency in public demonstrations is essential for governments that use or intend to use resources efficiently and effectively”.

In Brazil, the initial approval of NBCASP, in view of Severo and Oliveira (2012), represents: “The appearances of new social demands that include demanding a new standard of information generated by the public accounts, and that its statements - essential part of the checks and balances of public managers - should be provided to its users and the whole society: a proper interpretation of equal changes in the public sector; monitor the budget process and the analysis of financial results and cash flow”.

The issue of CFC Resolution No. 1.136/08, which approved the NBC T 16.9 - Depreciation, Amortization and Depletion, “became mandatory from the accounting year, 2012, which is the record of accumulated depreciation on fixed asset items” (MANUAL SIAFI, 2011).

Regarding the public registry of property assets, the T NBCASP 16.9 states that value depreciation, depletion or amortization shall be calculated monthly, with proper registration in the accounts of the income statement. And this should be recognized until the carrying amount of the asset is equal to the residual value. The residual value and useful life of an asset should be reviewed at least at the end of each financial year (Daros and Pereira, 2009).

Analyzing this, Silva (2011) points out that the financial statements of the public sector will have changes from the time the depreciation of fixed assets is included in their reports.

Above all, to meet the principle of competence, public entity must take ownership costs (depreciation) by using this vehicle monthly (Severo and Oliveira, 2012, p. 13).

According to MPP (2011), public entity will have autonomy in adopting annual depreciation rates, which depend on the estimated useful life of each asset, which in turn is directly linked to the policy adopted by the entity in the use of that right.

With the completion of the calculation of depreciation, and the effective registration of its launching in Public Accounting, changes will certainly occur in the Chart of Accounts, Balance Sheet,
According to the Handbook of Applied Public Sector Accounting (MCASP, 2010), “the depreciation starts from the time the asset item becomes available for use”. Therefore, it is necessary to form a basis for initial calculation. Thus, “the value of acquisition, production or construction includes an additional or complementary spending to the asset in place and operational conditions intended by management” (MOTA, 2009).

The residual value, in turn, was based on the percentage value, as quoted in SIAFI Manual (2011), where the property included in each ledger account has a useful life and residual value standard. But as for real estate, the depreciation shall be calculated solely based on the cost of construction, minus the value of the land.

Item 6 of the NBC T 16.09.08 provides that, “the impairment should be recognized until the net book value is equal to the residual value. So, even if the well is temporarily withdrawn from operation or becomes obsolete, depreciation does not cease” (MOTA, 2009).

However, not all assets are depreciated. According to Darós and Pereira (2009), NBCASP 16.9 enrolls assets that are not subject to depreciation regime as follows: Material products of cultural nature, such as works of art, antiques, documents, assets with historical interest, assets integrated into collections, among others; products of common use which absorb or absorb public funds, considered technically, with indefinite useful life; animals intended for exhibition and preservation; rural and urban lands.

According to the information of item 14 of NBC T 16.9 (2008), the following methods can be used to calculate depreciation charges: the straight-line method; method of sums of digits and the units of production method. This means that the accounting practices of the public sector need to direct a new way to fixed assets that need to be depreciated.

Feijó (2011) cites that the importance of NBCASP 9.16 is within the context of scarce resources to social needs, managing public assets based on existing best practice processes for comparability between different managements.

**IFRS providing innovations in public accounting practices**

The adoption of an accounting standard implies a higher quality information; the informational asymmetries between investors and companies can be minimized and accounting will be contributing to resource allocation in the economy (Lima, 2011).

Innovative basic practices (essential) are simply responsible for all the waves of progress of the modern system. Sawhney\(^1\) (2011), while participating in the HSM Innovation and Growth Forum, said, “it is necessary to enjoy the benefits of innovation, and that it makes institutions to have open mind and change their culture, be protective of their intellectual property, overcome internal barriers that can arise and try to set new mechanisms for innovation. In Brazil Accounting will adopt the International Accounting Standards, commonly known as International Financial Reporting Standards (IFRS) from 2008, with the enactment of Law No. 11,638 of December 28, 2007. The factors that are likely to signal the existence of users of IFRS either in a public sector entity or group of entities include: an entity that has the responsibility or capacity to raise or deploy resources, acquires or manages public assets, incurs liabilities or undertakes activities to achieve service delivery objectives. The greater the resources that a public sector entity raises, manages and/or has the capacity to deploy, the greater the liabilities it incurs and the greater the economic or social impact of its activities; the more likely there will exist service recipients or resource providers who are dependent on IFRS for information accountability and decision-making purposes.

In this context, Antunes et al. (2012) note: “The main innovation brought by this process of convergence to international standards is that the Brazilian accounting practices shall be much more based on interpretation of the pronouncements of the Accounting Pronouncements Committee (CPC) than the mere application of national rules, as in the recent past”.

The convergence to International Financial Reporting Standards was applied in the public sector. According to Troiano \(^2\) (2011)’s report in the Journal HSM, management innovation is already the goal of most Brazilian managers, but the practice of creating a culture of innovation is still lacking in companies. Continuing, Troiano (2011) cites some essential tips for institutions to use to modify their internal environment for innovation:

1) Do not punish them for wrong decisions. Many companies lose their innovativeness by being afraid of taking risk; instead, create a work environment where working “outside the box” is something that is valued and desired.

2) Anticipate errors. Today’s innovation is closely linked to the market rate; so the sooner you can face the possibility of error risks, the faster you can replenish them and come out on top.

3) Set goals for new ideas, products and services included in the business plan and let them represent a significant part of the operations of the institution.

4) Do not confuse innovation with technology. It is a very common error to think that only digital innovations are able to bring innovation to a company or brand.

5) Be innovative leaders. To be part of the routine of the teams, it is essential that innovation is, first of all, a goal for all executives of the institution.

6) Communicate. Being able to offer their products and services is the best way to demonstrate the innovative capacity of companies to the public. However, remember that aggregate marketing and communication by itself does not create an innovative company.

As seen, some tips help innovation strategies to be achieved in all governmental levels, for a greater focus on transparency of financial reporting sheet, which was put in second plan in public administration; prevailing only in the budget of accounting practice.

In this context, Jochen (2011) notes, “IFRS gave Brazil a greater volume of investment in international capitals, since convergence has brought greater confidence in the financial statements”.

Thus, the scenario of management strategies is defined by the ability to recognize the goals to be achieved, as well as methods, concepts, principles and laws; after all, organizational guidelines arise from the need to innovate a set of priorities or factors that need changes.

In Reis’ thoughts (2004), innovation does not mean having a great idea, but to identify the needs and problems of the market and transform them into a process operating in industry, commerce and service delivery.

According to Antunes et al. (2012), “The changes seek to improve the quality of accounting information, focusing mainly on its usefulness to the user; improvements to enhance understandability, relevance, reliability and comparability of disclosures, which are the qualitative and useful characteristics of accounting information”.

For the innovation process to be successful in any type of

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\(^1\) Mohanbir Sawhney, Director and Professor of the Center for Research in Technology and Innovation at Kellogg School of Management will, of Northwestern University.

\(^2\) Jaime Troiano. Innovation Specialist, President of Troiano Group in Branding.
organization, it is necessary to establish clearly where the change will occur, and what we must change.

However, Coutinho (2010) says that with the adoption of NBCASP, the public accounts under federal and state will focus more on equity and will provide a series of rulers' innovative information about the assets, revenues and expenses, focusing on the accrual basis. This important information is relevant to public managers.

Under the accrual basis of accounting, transactions and other events in financial statements are recognized when they occur, not only when cash or its equivalent is received or paid. Therefore, transactions and events are recorded in the accounting records and recognized in the financial statements of the periods in which they report (IPSASB, 2012).

Thus, by adopting the IFRS Accounting, the Brazilian public will submit a standard language in their reports; and is being used in several countries for reporting of financial statements and financial management.

DATA PRESENTATION AND ANALYSIS OF RESULTS

The research question is: What are the first procedures to be performed on the adoption of NBCASP 16.9? This is because the adjustment of the fixed assets values has certain complexity primarily to the acquisitions made in previous years. Accomplishing this task was entrusted to the commission created by the institutions, mainly for the acquisitions made in previous years. This is because the control sheet is done individually, and it takes time and resources.

The results showed that the public shareholders of both institutions were being treated in the background, only allowing the practice of accounting and financial budget to prevail.

Through the questionnaires and interviews, we were able to know how innovations requested by NBCASP 16.9 were inserted in public accounting.

The research identified that only three of the respondents attended courses/trainings, conducted in the Regional Accounting Council in Curitiba, in 2009 and 2011, which was conducted by auditors of the Court of the State of Paraná (TCE / PR). They aimed to standardize the actions to be developed in the state and federal agencies.

However, almost one third of the research participants said they did not participate in the courses for various reasons: lack of opportunity and information on courses conducted in this area in the region. This result demonstrates that it is necessary to seek assertions about the challenges presented by public managers.

When the NBC T 16.9 regulation was quoted (CFC Resolution No. 1.136/08), one of the respondents says it is properly instructed in relation to its content, but seven of the eleven respondents that have knowledge about the norm asked questions about its application and three did not have knowledge about the norm. Figure 1 presents the data in percentages.

The lack of information and internal controls in public administration are clear. The absence of these two prerequisites entails major management and material difficulties for closure of adjustments in order to start the calculation and recording of accounting for depreciation of public assets. Therefore, it was pertinent to illustrate an example of how to calculate the depreciation of fixed assets of the institutions under analysis, as directed by SIAFI Manual (2011) (Table 1).

Considering the releasing date of these vehicles and the starting date of their use to be equal, they can be impaired because of conditions placed in use from January 2010, thus representing a reliable monetary base.

According to the Manual SIAFI (2011), the period of useful life and residual value percentage for such property is fifteen years old (10%), although each of these goods has specific data values provided in the manual, leading to the standardization of criteria of organs.

Using the straight line method and in adherence to the principle of competence, depreciation is calculated based on the formula, and the data are arranged as follows (Table 2):

(1) Share of monthly depreciation = R $ 45,000.00 - R$ 4,500.00 = R$ 225.00 / month 180 months

(2) Share of monthly depreciation = R $ 30,099.00 - R$ 3,099.90 = R$ 150.50 / month 180 months

(3) Share of monthly depreciation = R $ 32,390.00 - R$ 3,239.00 = R$ 161.95 / month 180 months

(4) Share of monthly depreciation = R $ 21,988.00 - R$ 2,198.80 = R$ 109.94 / month 180 months

(5) Share of monthly depreciation = R $ 32,390.00 - R$ 3,239.00 = R$ 161.95 / month 180 months

(6) Share of monthly depreciation = R $ 66,142.50 - R$ 6,614.25 = R$ 330.71 / month 180 months

Splitting the difference between the acquisition cost and the residual value of the estimated useful life, we get the depreciation quota that will be recorded monthly. This quota is multiplied by the months that have not got depreciation yet (from the acquisition date to the end of 2011). This results in accumulated depreciation of previous years, and the year 2012 corresponds to multiplying the monthly amount of depreciation for the twelve months of the year. The sum of these two totals equals the total accumulated depreciation. Finally, the net book value corresponds to the value of the property recorded in the accounting, less accumulated depreciation.

ANALYSIS OF THE INFLUENCE OF DEPRECIATION IN RELATION TO THE FINANCIAL STATEMENTS

The influence of calculating depreciation modifies the
Table 1. List of vehicles to be depreciated from 2012.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Nº Pat.</th>
<th>Launching date</th>
<th>Value (R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Truck, brand: Mercedes Benz/ model: 914, Year: 1997, Color: Red</td>
<td>41778</td>
<td>13/07/2011</td>
<td>45,000.00</td>
</tr>
<tr>
<td>2</td>
<td>Car, brand: Ford, model: Fiesta, 1.6 flex, 4 door, color: White</td>
<td>36226</td>
<td>05/03/2010</td>
<td>30,099.00</td>
</tr>
<tr>
<td>3</td>
<td>Car, brand: Ford, model: Fiesta/Sedan, Year: 2010, 1.6 flex, color: White, 0 km</td>
<td>39396</td>
<td>07/12/2010</td>
<td>32,390.00</td>
</tr>
<tr>
<td>4</td>
<td>Car, brand: Renault, model: Logan, 1.6- 16v, 4 door, Year 2008</td>
<td>42921</td>
<td>05/10/2011</td>
<td>21,988.00</td>
</tr>
<tr>
<td>5</td>
<td>Car, brand: Ford, model: Fiesta/Sedan, 1.6 flex, color: white</td>
<td>39484</td>
<td>27/12/2010</td>
<td>32,390.00</td>
</tr>
<tr>
<td>6</td>
<td>Van/Minibus, brand: Renault, model: Master 16v, 0 km</td>
<td>42923</td>
<td>05/10/2011</td>
<td>66,142.50</td>
</tr>
</tbody>
</table>

Total: 228,009.50

Source: Compiled by the authors, according to documents supplied by the institution.

Table 2. Calculation of monthly depreciation (items 1-6).

<table>
<thead>
<tr>
<th>Item</th>
<th>Monthly depreciation (R$)</th>
<th>Accumulated depreciation (previous year) (R$)</th>
<th>Accumulated depreciation (2012) (R$)</th>
<th>Total accumulated depreciation (R$)</th>
<th>Net book value (R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>225.00</td>
<td>1,350.00 (6 meses)</td>
<td>2,700.00</td>
<td>4,050.00</td>
<td>40,950.00</td>
</tr>
<tr>
<td>2</td>
<td>150.50</td>
<td>3,311.00 (22 meses)</td>
<td>1,806.00</td>
<td>5,117.00</td>
<td>24,982.00</td>
</tr>
<tr>
<td>3</td>
<td>161.95</td>
<td>2,105.35 (13 meses)</td>
<td>1,943.40</td>
<td>4,048.75</td>
<td>28,341.25</td>
</tr>
<tr>
<td>4</td>
<td>109.94</td>
<td>329.82 (3 meses)</td>
<td>1,319.28</td>
<td>1,649.10</td>
<td>20,338.90</td>
</tr>
<tr>
<td>5</td>
<td>161.95</td>
<td>1,943.40 (12 meses)</td>
<td>1,943.40</td>
<td>3,886.80</td>
<td>28,503.20</td>
</tr>
<tr>
<td>6</td>
<td>330.71</td>
<td>992.13 (3 meses)</td>
<td>3,968.52</td>
<td>4,960.65</td>
<td>61,181.85</td>
</tr>
</tbody>
</table>

Total: 10,031.70 | 13,680.60 | 23,712.30 | 204,297.20

Source: The authors.

chart of accounts. Through a cast of standardized accounts, it will facilitate the inclusion of new releases.

In the balance sheet, accumulated depreciation will be presented in a reductive account of non-current assets, in the subgroup of fixed assets, re-adjusting the value of the property in order to highlight its real value.

In DRE, operating expenses are registered through depreciation expense account, computing the monthly depreciation expense.

The depreciation in the DVP will be treated as a quantitative variation in item such as uses of products, services and consumption of fixed capital. Because the calculation of depreciation directly affects equity of public entities, it is considered as diminutive variation in equity DVP.

In the statement of cash flows, the depreciation will
only appear in the indirect method, and the cash flow from operating activities, because this method has cash flow to net income from operations (from the DRE). It adds up the values that do not represent cash disbursement, but that affect the outcome; better saying, depreciation is one of the adjustments that will be added. Thus it is clear that depreciation will hit the financial statements of the institution in many ways, and should also disclose, for each class of asset, notes containing detailed information about the components of relevant depreciation, as determined by the NBC T 16.9.

Conclusion

The innovations that are happening at the research institutions of the public sector have a great impact in accounting, and providers, who will have to revise their concepts, need to be updated given the current context. The followings are fundamental: a wide transmission of knowledge and its standard application, through courses, seminars, orientations, the availability of consulting material, and the ability to show the real value of their assets, which are the object of accounting.

With the incorporation of patrimonial dimensions from the new accounting rules, society will be able to visualize, in the financial statements, the depreciation of fixed assets of the public sector.

The survey reveals some challenges in public institutions surveyed that must be overcome. Among them is the traditionalism that may possibly hinder large-scale innovative capacity of Brazilian institutions.

However, the main challenge found in this research is to converge public accounting to international standards. The lack of qualified professionals contributes to the delay of the actualization of this transition. The difficulties to be overcome for implementation must be recognized.

Other relevant factors found in this research is that public institutions are being challenged to move through the study of NBCASP 16.9, along with the process of raising equity, and later checking the accounting for depreciation in order for it to conform to current legislation. It is felt that the challenge is not only to understand the rule, but also to have information on public property, making strategic managers have confidence in making innovation to their teams.

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